



DEPARTMENT OF THE ARMY  
OFFICE OF THE ASSISTANT SECRETARY  
RESEARCH DEVELOPMENT AND ACQUISITION  
103 ARMY PENTAGON  
WASHINGTON DC 20310-0103

REPLY TO  
ATTENTION OF

26 FEB 1997

SARD-PP

MEMORANDUM FOR SEE DISTRIBUTION


SUBJECT: INVESTIGATION OF SOLID STATE DEVICES, INCORPORATED, AND  
UNISEM INTERNATIONAL

The Department of Justice is supervising a civil fraud investigation of Solid State Devices, Incorporated (SSDI), and Unisem International (Unisem) based on allegations that these contractors furnished nonconforming or defective power semiconductors, transistors, diodes, dies, electronic components, and other products used in various Army programs and weapons systems. The investigation has uncovered evidence which indicates the following: (1) Many SSDI parts do not meet manufacturing and testing high reliability quality standards. (2) SSDI has procured commercial grade parts from various unproved sources through Unisem. (3) SSDI may have falsified test records and product date codes on many parts. (4) Many SSDI parts branded JAN were not manufactured to MI L-S-I 9500 as required. (5) Operational failure of military hardware may be attributed to nonconforming SSDI parts.

The Department of Justice is concerned that Army or Defense Contract Management Command acceptance of nonconforming SSDI or Unisem supplied items could be construed as a waiver of civil fraud liability. Since contracting officers lack the authority to settle, compromise, pay, or adjust any claim involving fraud, the Department of Justice, in conjunction with the military services, has drafted model language that will allow the Army to continue to field its programs without undermining the civil fraud investigation. The Department of Justice has requested that the Army neither accept any equipment known to contain SSDI parts nor grant any waivers or deviations relating to products furnished by SSDI or Unisem without first contacting David T. Cohen, Civil Division, Department of Justice, at 202-307-0136. He can discuss program-unique issues and provide the model language needed to preserve the government's remedies against SSDI and Unisem.

I request that you forward a copy of this memorandum to Army contracting personnel ( to include administrative contracting officers) involved in the programs on the enclosed list or other programs that may contain SSDI components. Army personnel should inform Mr. Cohen if their programs incur significant costs addressing SSDI issues (since they maybe recovered), or if the Army experiences failures of SSDI components. If Army personnel are uncertain whether their program uses SSDI parts,

or if they want to learn more about the potential safety problems with SSDI parts, they should call Special Agents Chris Henderson or Craig Wyckoff of the Defense Criminal Investigative Service at 714-643-4192. The Army Procurement Fraud Division point of contact for this matter is Mr. Gordon Bobell, who can be reached at 703-696-1554.



/ Kenneth J. Oscar

Deputy Assistant Secretary of the Army  
(Procurement)

Enclosure

DISTRIBUTION:

Program Executive Officer, Armored Systems Modernization, ATTN: SFAE-ASM,  
Warren, MI 48397-5000

Program Executive Officer, Aviation, ATTN: SFAE-AV, 4300 Goodfellow Boulevard, St.  
Louis, MO 63120-1798

Program Executive Officer, Command, Control and Communications Systems, ATTN:  
SFAE-C3S, Fort Monmouth, NJ 07703-5000

Program Executive Officer, Field Artillery Systems, ATTN: SFAE-FAS, Picatinny  
Arsenal, NJ 07806-5000

Program Executive Officer, Intelligence and Electronic Warfare, ATTN: SFAE-IEW,  
Fort Monmouth, NJ 07703-5000

Program Executive Officer, Missile Defense, ATTN: SFAE-MD, P.O. Box 1500,  
Huntsville, AL 35807-3801

Program Executive Officer, Standard Army Management Information Systems, ATTN:  
SFAE-PS, 9350 Hall Road, Suite 142, Fort Belvoir, VA 22060-5526

Program Executive Officer, Tactical Missiles, ATTN: SFAE-MSL, Redstone Arsenal, AL  
35898-8000

Program Executive Officer, Tactical Wheeled Vehicles, ATTN: SFAE-TWV, Warren, MI  
48397-5000

Program Executive Officer, Cruise Missiles Project and Joint Unmanned Aerial  
Vehicles, ATTN: SFAE, 1213 Jefferson Davis Highway, Arlington, VA 22246

Program Executive Officer, Battlefield Management, ATTN: AF-PEO-BA, 1090 Air Force Pentagon, Washington, D.C. 20330-1090

Program Manager, Joint Program Office for Biological Defense, Skyline 3, Suite 1200, 5201 Leesburg Pike, Falls Church, VA 22041-3203

Program Manager, Chemical Demilitarization, Building E4585, Aberdeen Proving Ground, MD 21010-5401

Assistant Deputy Chief of Staff for Acquisition, Contracting, and Production Management, HQ, U.S. Army Materiel Command, ATTN: AMCRDA-A, 5001 Eisenhower Avenue, Alexandria, VA 22333-0001

Commanding General, Forces Command, ATTN: AFCG, Fort McPherson, GA 30330-6000

Commander, U.S. Army Information Systems Command, ATTN: ASCG, Fort Huachuca, AZ 85613-5000

Commander, U.S. Army Intelligence and Security Command, ATTN: IACG, Fort Belvoir, VA 22060-5246

Commander, U.S. Army Medical Research and Materiel Command, ATTN: MCMR-ZA, Fort Detrick, Frederick, MD 21702-5012

Deputy Commander, U.S. Army Space and Strategic Defense Command, ATTN: CSSD-ZB, P.O. Box 1500, Huntsville, AL 35807-3801

Commander, U.S. Army Training and Doctrine Command, ATTN: ATCG, Fort Monroe, VA 23651-5000

Commanding General, U.S. Army Corps of Engineers, ATTN: CECG, 20 Massachusetts Avenue, N.W., Washington, D.C. 20314-1000

Director, U.S. Army Safety Center, Fort Rucker, AL 36362-5000

Director, U.S. Army Legal Services Agency Litigation Center, ATTN: Procurement Fraud Division, 901 North Stuart Street, Alexandria, VA 22203-1837

## **LIST OF PROGRAMS WHICH MAY CONTAIN SSDI COMPONENTS**

(THE DEFENSE CRIMINAL INVESTIGATIVE SERVICE HAS PROVIDED THIS **PARTIAL** LIST OF ARMY PROGRAMS THAT USE SSDI-SUPPLIED SEMICONDUCTORS. THERE MAY BE OTHER ARMY SYSTEMS BESIDES THOSE LISTED BELOW THAT ALSO USE SSDI-SUPPLIED ITEMS.)

RAH-66 Helicopter  
Cobra Helicopter  
UHF Follow-on  
Gamma Ray Spectrometer  
Hellfire Longbow Missile  
Stinger Missile  
Hawk Missile  
Slamer Missile  
Javelin Missile  
TOW Missile  
Multiple Launch Rocket System  
M1A1 Tank  
Bradley Fighting Vehicle  
HMMWV  
Identification Friend or Foe Radar  
SPS-48 Radar  
SPS-40 Radar  
APG Fire Control Systems Radar